

Market Access and Aggregate Sale through Value Chain in Agri-Produce: The Role of Community Owned Women Association

Vijayudu Gnanamkonda, Anitha C, Sashikala P



Abstract: Gram Abhyudaya Mandali (GRAM) functions as the parent NGO, conceptualizes the requirement of social and economic development of rural poor women through self-help groups. It conceptualizes, the idea of Aggregate Sell Model for its members, endeavors to create a successful platform by collective pooling and marketing and the sale of its agricultural commodities (like Soya, Paddy, and Maize), by surpassing local mediators transparently using technology. This model benefits its women service members (around 50,000) through 20 Mutually Aided Cooperative Societies (MACS) located across villages in tribal districts of Nizamabad and Adilabad of Telangana, India.

The methodology adopted for research study is based on Focused Group Discussions (FGDs). FGDs were conducted and the results were analyzed. Results showed that elimination of intermediaries and adopting transparent process facilitated profitability to the members of the society. The contribution of the study is to elevate the 'Collective Sale' (through community owned hub point for its agricultural products), that is uniquely adopted by GRAM. This model could be either adopted or modified to other societies that are operational in rural/semi-urban areas.

Keywords: aggregate pooling, Community owned society, Cooperative sale, Market Price, Mutually Aided Co-operative Society.

I. INTRODUCTION

'Neeradi Boja Bai'¹, hails from one of the remote villages of Adilabad district of Telangana, literate with few years of

schooling and has a humble background, yet her speech in local language (Telugu) at the auditorium², mesmerized the villagers and academicians gathered. Her personality portrayed confidence, zeal to inspire and displayed the willing to encounter any challenges. She along with a group of women turned a surplus on INR. 4.14 crore surplus soya crop and gave back 15.25 lakh to her members by fuelling a silent revolution in collective procurement and sale of farm produce making her way into male-dominated area.

The success story of Boja Bai, that enabled her team to build a transparent process of collective 'sale of Soya' for her community members of Adilabad, can be attributed to GRAM, the parent NGO. The unique 'Sell Model', conceptualized by GRAM endeavors to provide quality transmission to its service members through collective pooling and marketing of agricultural commodities (like soya, paddy and maize). Through this platform, MACS (Mutually Aided Co-operative Society) scouts bulk buyers bypasses the local intermediaries to provide competitive price to agri-producers in a transparent environment.

The authors were quite keen to observe the impressive model of collective sale, avoiding local intermediaries – and choose to explore and comprehend the entire transparent process through primary research, and paid a visit to Nizamabad and Adilabad to document the process.

II. BACKGROUND OF THE STUDY

A. Grama Abhyudaya Mandali (GRAM)

Samson, a social worker conceived the idea of building a community based Sustainable organization established an NGO, Grama Abhyudaya Mandali (GRAM) [1] in the tribal districts of Nizamabad and Adilabad. Currently caters to target Schedule Casts (SC) 18.5%, Schedule Tribes (ST) 8%, Backward Class (BC) and Muslim minorities of 56%. During the 1980s, the financial economic conditions of Dalits, women and disabled were quite wretched as the Nizamabad was prone to frequent droughts and Adilabad District was socially and economically completely backward due to largest tribal community with illiterate, poor population, coupled

¹, a 55 year old women with two married children hailing from Kamol village in Bhainsa mandal of Nirmal district (earlier known as a part of Adilabad), tending to her two acre piece of land.

² facilitated at our IFHE university by Centre for Women Development cell of IBS Hyderabad for her pioneering efforts and contribution to thousands of women at villages of Adilabad (combined districts), Telangana.

Manuscript published on 30 September 2019

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with unemployment.

GRAM was committed to create a community based institution in governance designed its products, delivery process with an emphasis on member (women) centric society. It consciously had to work on advocacy and governance continuously to establish a community owned co-operative society to provide quality financial services to its members without compromising on social mission in place.

In pursuit of its long-term objective to bring together a large number of the rural poor and disadvantaged in the area through a process of social mobilization, it was task for GRAM to manage the entire process through centralization. To benefit members at grass root level, GRAM had to decentralize its operations and hence set up mandal level operational units to enhance efficiency.

B. Role of IIMF and MACS

In 2009, GRAM incubated the Indur Intideepam MACS Federation (IIMF, the apex federation) as an umbrella organization that would support the higher order institutions. IIMF currently constitutes of 20 Mandal-level Mutually Aided Cooperative Societies (MACS) in the tribal combined districts of Nizamabad and Adilabad in the then Andhra Pradesh, now Telangana.

The basic concept of Women Self Help Group (15 to 20 members) was the model GRAM adopted to endeavor financial freedom and economic growth to enhance the standard of living for women. These SHGs are the grassroots-level management units of the IIMF. Each of the MACS has SHGs attached it based on the demographic areas. The 20 member MACS were of differing age and size; as well as productivity and efficiency. But all the members and their organizations were linked by an underlying sense of ownership and principle of mutuality.

Each of the SHGs meets monthly and carries out most of the member-level financial transactions. The SHGs elect two representatives, who preside over the SHG meetings, authenticate transactions and represent the SHG in meetings. All the SHGs in a village (through the SHG leaders) elect one person as the Village Representative. The elected representatives will represent MACS.

The Federation plays a critical role in policy setting, human resource management, and supervision of mandal-level MACS and building the capacity of the MACS to operate autonomously. Though the mandal-level MACS have independent operations and identity, they follow the policies set by themselves as part of the federation’s governance board. Further, IIMF function as a bulk financier sourcing loans from banks and other financial institutions and lends to MACS for its SHGs requirements or its projects.

C. Community Ownership

Currently this Community-Owned institution caters to 50,000 members approximately in 3,800 SHGs formed. Due to the very nature of community ownership, facilitates several advantages- the design of products and delivery processes are prioritized as per member-users requirements; the sense of commitment and trust each member holds towards the society/community makes it easy to manage these institutions; Further, as the ownership and monetary benefits lies with their own group, thus governance becomes efficient and transparent.

Literature reveals Community institutions do not feel the need for aggressive growth – however, concentrates to fulfill

its member expectations on service quality and deepen the services. Authors were keen to examine and study the entire process of aggregate sale undertaken by this community owned institution that benefits its society members.

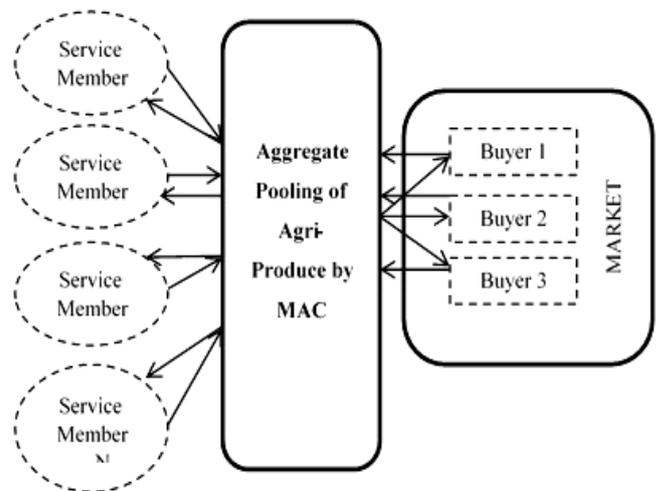
D. Unique Model: Aggregate or Collective Sale by Community

GRAM (parent NGO), is quite dynamic in exploring the opportunities and possibilities to help SHGs to meet their objectives of self-sustenance. In the process to empower women, GRAM adopted innovative initiatives and undertook business activities to make women financially independent, adaptive and responsible to be decisive in all the fronts.

GRAM in its endeavor looked into the various activities the women are indulged into and observed that most of the families (90%) are in agriculture as occupation produce agriculture and allied products. Initially the households sold the agri-produces (such as soya, maize, paddy, corn) in the local markets to the local mediators and could not earn a competitive price and local mediators/buyers were earning huge margins. This realization made them act wisely, and collectively to market their produce; The MACS representatives explored the possibilities to identify and scout for bulk buyers and succeeded to sell collective produce.

Currently, GRAM developed a model (refer figure.1)

Figure. 1: A Conceptual framework of aggregate pooling and collective marketing: Through MAC



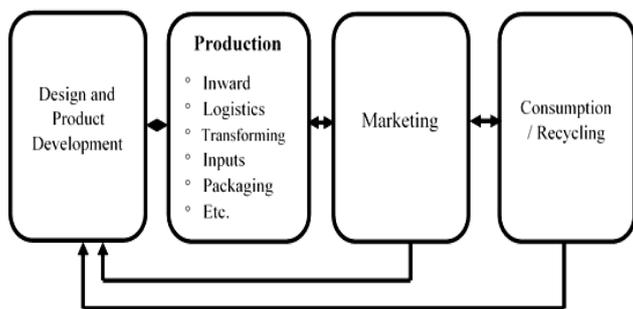
Source: Primary Data (through observation and interview)

that facilitates the Women SHGs to collectively pool the agri-produce, market and sell them to bulk buyers through various Mutually Aided Co-operative Societies (MACS), (sub-units under GRAM) through a transparent process using technology to obtain fair and competitive market price.

The researchers on their field visit to the combined districts of Adilabad and Nizamabad observed that the rural area had minimum literacy, and demanded the knowledge of local language and all the researchers were comfortable with the local language i.e., Telugu. The researchers after initial interactions with MACS members comprehended the process and presumed the following propositions before conducting the Focus Group discussions.



Figure: 2 Four links in a simple value chain



Source: Kaplinsky, R. and Morris, M. (2000)

Kaplinsky, R. and Morris, M. (2000) [2] describes 'value chain' as a full range of activities that facilitate a product or service from its inception, through various phases of production (involving a combination of physical transformation and the input of various producer services), and delivery to its final consumers, and consumption recycle (refer figure. 2).

III. PRIOR PERSPECTIVES ON MACS DIRECT SELLING

Proposition 1: Bypassing intermediaries enhances the profitability

In India, intermediary seems to play a major role in agricultural supply chain, as buyers would not like to interact directly with farmers (sellers) who are not literate, not aware of government policies or regular market practices. It is well proven fact that Indian farmers are mostly not literate, and are not equipped with current market practices or technology, selling platform due to which inadvertently, had to depend on intermediaries for sale of their produce [3]. This was resulting in non-competitive price, price manipulations or price discrepancies for the farmer.

Many facets of these problems made rural small agri-producers to pursue the intermediaries. In recent days, these farmers have gained the attention of NGOs, Charitable Foundations, and Governments across globe [4].

MACS has provided a platform to its women members to bypass the intermediaries and facilitated to identify the bulk buyers directly.

Proposition 2: Aggregate sale: transparent process enables competitive market price

Small Farmers' Organizations such as cooperatives and FPOs are expected to enhance incomes, reduce costs of input purchases along with transaction costs, create opportunities for involvement in value-addition including processing, distribution and marketing, enhance bargaining power and provide access to formal credit [5]. Identifying indicators that help the community to monitor progress towards sustainable outcomes requires a framework that is both practical and holistic [6].

MACS, which believes in non-intermediation, facilitated to create a transparent model to sell the aggregate produce directly to the bulk buyers, that enables the members to gain a competitive market price and better bargaining power.

Proposition 3: Aggregate pool at specified locations: win-win to buyers and sellers

The major constraints for value chain upgrading are market access restrictions, weak infrastructures, lacking resources

and institutional voids [7].

MACS facilitate to provide information after scouting the buyers to its members for delivering the produce at various locations. The produce from members is collected at specified locations or MACS centers, from where the buyers would inspect the quality before purchase. Buyers too were keen on interact with MACS representatives, as they could deliver large amount of agri-produce in considerable quantities at single location.

Availability of aggregate agri-produce at centralized locations help buyers and members, this approach provides a win-win situation for its service members and to bulk buyers.

Proposition: 4 Levels of product grades ease the sales process

From the literature it is evident that quality influences the price for any agri-produce. The best quality would obviously be better priced than the other and finds buyer quickly most often. Often it is a challenge to convince the farmers about the quality produce and the price paid, as there is emotional connect by the farmer to his/her produce.

As there are different systems and standards available for quality measures, grade standards on size, shape, colour, and local preferences, the MACS representative team will visit and quote a price based on the grades.

MACS representatives play a major role to provide vital information such as price, location and specified time and quality to its members. This platform provides good price for good quality produce.

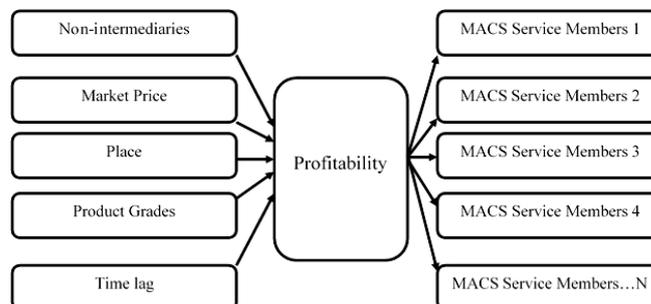
Proposition 5: Aggregate Produce sold: without time lag

As per information shared by the MACS representatives, members (farmers) will process their proceeds and make it available for delivery as on the due date to transport it to the specified locations.

MACS facilitate to reduce the time of sale as the aggregate produce is pooled and buyers could inspect the bulk quality available at specified locations.

Based on the propositions the researchers proposed a model "Factors leading to agricultural profitability and economic development of agri producers" (referrer figure. 3)

Figure. 3: Proposed Model for Factors leading to Agricultural profitability and Economic Development of Producers



Source: FGD (Focus Group Discussion) Data Analysis

IV. METHODOLOGY

A. Objectives of the Study

Based on the literature and propositions the objectives of this primary research were devised to study the model of aggregate/collective pooling, marketing of agri-produce (by surpassing intermediaries) and to analyze the benefits members of women SHGs of combined districts of Nizamabad and Adilabad in Telangana

B. Data Collection Method

Based on the objectives, the methodology for data collection adopted is qualitative in nature.

The qualitative methods help researcher appreciate various views of the rural respondents in a simple way and suitable conclusions can be drawn from them [8]. As the respondents are from rural population, the data methodology adopted for them is Focus Group Discussion (FGD).

Focus Group research is a method to collect qualitative data which essentially involves to engage a small number of people in an informal group discussion, focused around a particular topic or set of topic [9]. The rural people feel more comfortable in group instead of talking to them individually. It also gives friendly environment to the participants, to discuss their perceptions, ideas, opinions, and thoughts [10].

Hence, the researchers adopted to record audio conversations and written down detailed notes from the discussion preceded during Focus Group Discussions (FGD).

As the study is on rural respondents of MACS for unique sell framework, eight FGDs were conducted for the 'Sell' concept. Out of the eight FGDs, one FGD conducted with the academicians which include experts in the area from the society. In total, eight FGDs were conducted for the entire study and each FGD had around 10-11 members; In addition to FGDs, the researchers noted field observations. All the FGDs started in a conducive atmosphere, where each member was greeted by the researchers and were made to introduce themselves.

All participants were aware of the purpose of the discussion and members were free to express their views without any hesitation. Since members were from rural combined districts of Adilabad and Nizamabad with minimum literacy, the conversations were conducted in local language i.e., Telugu, which made the members comfortable and participative. As the respondents were little apprehensive (initially) in discussions, the members of GRAM moderated between the women members and the researchers. The members of the FGD were also the members of the MACS. The discussions were carried out in the offices of the MACs with initial introduction and explaining them the purpose of the study and followed standard FGD procedure. After initial icebreaking the respondents were made comfortable to participate in the FGD.

Based on the FGD, many key words were captured and these keywords were used to frame the concepts are used for analysis; and the tone with which these words are modelled into the FGD. These are the main sources of information and can radically alter the interpretation of a statement.

The analysis of FGD was done based on the concepts generated from the keywords. The concepts which are derived from the keywords of FGD for sell are: No Intermediaries, Market Price, Place, Product Grades and Time Lag.

V. ANALYSIS AND FINDINGS

All the interpretations obtained from the Focus Group Discussions are tabulated and based on the voice modulation by the members, the strength of confidence is derived by the researchers'. Table 1 represents the concepts, key words, its strength obtained from FGDs.

Table1: Frequency and Strength of Confidence

S. No	Concept	Code	frequency	Strength of confidence
1	No Intermediaries	NINT	142	Very strong
2	Market Price	MP	112	Strong
3	Place	PL	145	Very Strong
4	Product Grades	PRG	66	Moderate
5	Time lag	TL	72	Moderate

Source: Data Analysis

The analysis based on the responses along with frequency of strength of the confidence is as follows:

No Intermediaries: the members felt that no involvement of intermediaries made them comfortable as their representatives sell the produce at the market directly. From the frequency it is very strong that the process is transparent and the profits are shared as the proportion of the produce. Hence the proposition 1 is acceptable.

Market price: The members felt strongly that the market price can be bargained based on the quality of the produce. The MAC members are transparent in price negotiation in the market and they are able to get competitive price as the representative members scout the bulk buyers in the market to get the best competitive market price for its members. This is evident even from the frequency of the market price and hence the proposition 2 is acceptable.

Place: The representative of the MAC members collect the produce from the members and directly sell it in the market so that the distribution and agri process is schedule is minimized. The Aggregate produce is inspected by the bulk buyers at a centralized place identified by the MAC society. It is clear from the frequency that the collective pooling is helping the farmers and members to become free from the stake holders of the supply chain and quick sale of the produce. This leads to the acceptance of proposition 3.

Product Grades: The quality of the produce is categorized as A, B and C grades. The MAC society has categorized Grade 'A' into Category 1, Grades 'B' & 'C' into category 2 and the bulk buyers prefers to purchase category 1 at a competitive price. The MAC does not want grade 'C' to be isolated, so it combines both 'B' and 'C' grades into category 2 for a moderate price. This is negatively affecting the grade 'B' produce and positively affecting grade 'C' produce. This leads to less price for grade 'B' in contrast to the expectation of the members. This is also evident from the frequency that the strength of confidence for product grade is moderate and the proposition 4 is moderately accepted.

Time Lag: As the MAC society prepares a schedule for the arrival, collection and buyers' inspection schedule, the produce is sold to the buyers without any time lag. Due to this scheduling the agri producers need not wait for long time for getting their proceeds.



Though the results indicate the strength of confidence is moderate as category 2 producers need to wait for a little longer time than category 1 to sell the produce and get their proceeds.

VI. DISCUSSIONS AND CONCLUSION

Based on the findings it can be said that no intermediaries and place (proposition 1 & 3 respectively) are the major factors which leads to profitability of the MAC society members and it is established through the analysis. The factor Market price (proposition 2) is strongly acceptable among MACS members. There is a slight discontent from grade 'B' producers as they are not able to get the expected proceedings because of inclusion of grade 'C' in category 2. The factors product grades and time lag (propositions 4 & 5 respectively) are moderately acceptable as the MAC members especially from grade 'B' producers are expecting more privilege to their produce and should not be linked with grade 'C'. In India, intermediaries play a major role in agricultural supply chain. Often bulk buyers tend to interact with intermediaries (agri-brokers) avoiding producers; illiteracy, availability of produce (low quantity produce available with individuals), quality of produce, time, and remote locations could be some of the reasons for the bulk players to approach local agri-brokers. Surpassing the agri-brokers, MACS facilitate to provide information to bulk buyers and deliver large amount of agri-produce in considerable quantities and with sizeable quality (along with grades) by aggregate pooling at single location. This process enabled the collective sale with information transparency has created a win-win situation for its members and bulk buyers. This primary research is meant to showcase the facts, observations and inferences drawn from the study could be useful to the other community owned societies or SHGs. The researchers based on the study are proposing a model that could be easily adopted by above mentioned groups.

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